

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Notice of Inquiry Re: Enrollment in
Discounted Rates for Electric,
Gas and Telephone Service

D.T.E. 01-106

**RESPONSE OF NSTAR ELECTRIC AND NSTAR GAS COMPANY TO
HEARING OFFICER REQUEST FOR COMMENTS**

I. INTRODUCTION

On October 31, 2002, the Hearing Officer in the above-referenced proceeding¹ issued a Request for Comments (the “Request for Comments”) regarding recommendations submitted to the Department by four working groups (the “Working Groups”), which were created by the Department to identify issues and recommend proposals for increasing the penetration rate for discounted electric, gas and telephone service. The Request for Comments seeks responses to the following questions:

- (1) The working groups recommended the use of a check box, similar to that used by fuel assistance agencies, for new applicants to the Department of Transitional Assistance (“DTA”) and the Division of Medical Assistance (“DMA”), granting the agencies authorization to release eligibility information to utilities.
 - (a) As an alternative to the use of a check box, please comment on whether it would be more effective to require applicants to authorize the release of eligibility information as a condition to applying for public benefit programs.
 - (b) What additional procedures, if any, should be addressed by the Department in this investigation?

¹ On December 17, 2001, the Department of Telecommunications and Energy (the “Department”) issued a Notice of Inquiry (the “NOI”) opening a generic investigation into certain issues relating to the penetration rate for discount programs that are offered to low-income residential customers by electric, gas and telephone utilities operating in the Commonwealth. The penetration rate is the percentage of eligible customers who choose to participate in a low-income discount program.

- (2) (a) Evaluate the costs and benefits of moving to a model where a central entity gathers relevant information from Community Action Programs /grantees and government agencies (DTA, DMA, etc.) on eligible customers for the discount rate and shares this information with utilities.
- (b) In addition, the Department is considering the possibility of utilizing MassCARES, a technology based initiative of the Massachusetts Executive Office of Health and Human Services. Please discuss whether MassCARES would be a feasible Central Information Storehouse for an automated matching program for the discount rate. Information on the MassCARES program is available at www.masscares.org.

Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company (collectively, “NSTAR Electric”) and NSTAR Gas Company (collectively, with NSTAR Electric, “NSTAR” or the “Company”), hereby file the following responses to the Hearing Officer’s Request for Comments.

II. BACKGROUND

In the Department’s NOI commencing this proceeding, the Department stated that it intended to review current programs for discounted electric, gas and telephone service and to explore actions that could be taken to increase subscribership in those programs, including the potential for expanding the range of options available for enrolling eligible customers. NOI at 5. Based on comments filed in January 2002, the Department identified several categories of issues for further discussion via the Working Groups: (1) privacy issues; (2) data format issues; (3) outreach and eligibility issues; and (4) on/off rate standards. The Hearing Officer’s Request for Comments focuses on the issue of facilitating verification of a customer’s eligibility for certain governmental programs which would qualify the customer for enrollment on a utility discount rate.

In its Initial Comments, the Company identified various governmental programs

that it uses to verify a customer's eligibility for its low-income rates, including transitional assistance (offered through the DTA), Medicaid (offered through the DMA) and fuel assistance through the Low-Income Home Energy Assistance Program ("LIHEAP") (offered through fuel-assistance agencies) (NSTAR Initial Comments at 3-4).² The fuel-assistance agencies in the Company's service territory share their client lists with the Company, which allows the Company to enroll such clients on its discount rates. For customers that participate in other programs administered by governmental agencies, the Company will contact the governmental agency identified by the customer that administers the customer's qualifying governmental program and verifies such customer's enrollment in the program, upon receiving a customer's application for its low-income rate.

Because of the DTA's privacy regulations, the DTA uses a different enrollment process for persons who are new DTA clients and who have not enrolled in NSTAR's low-income rate program. As noted in its Initial Comments, if an NSTAR customer becomes a new DTA client by virtue of the customer's receipt of a governmental program administered by the DTA, the DTA will notify a designated, independent mailing firm retained by NSTAR, and the mailing firm will send information and an application for participation in NSTAR's low-income rates directly to its new client (id. at 6-7). When the customer returns the Company's application form to NSTAR, NSTAR

² The Company noted in its Initial Comments that, rather than verifying a customer's household income to determine eligibility for low-income rates, NSTAR generally presumes eligibility based on the customer's receipt of a means-tested public benefit, or establishes eligibility based on information that is provided to the Company by the agencies administering those benefits. Because the government-assistance agencies verify household income as part of the assistance program, and because NSTAR does not generally collect or maintain customer income information, this process serves as an efficient means of verifying a customer's eligibility for participation in the Company's low-income rate program.

processes the application (id. at 7). Accordingly, unlike fuel-assistance agencies, the DTA does not generally make referrals directly to the Company unless based on a customer request or prior participation in a program. Therefore, to date, the DTA has not shared its new client information directly with NSTAR.

III. RESPONSES TO HEARING OFFICER QUESTIONS

A. Question 1

1. The working groups recommended the use of a check box, similar to that used by fuel assistance agencies, for new applicants to the [DTA and the DMA], granting the agencies authorization to release eligibility information to utilities.
 - (a) As an alternative to the use of a check box, please comment on whether it would be more effective to require applicants to authorize the release of eligibility information as a condition to applying for public benefit programs.
 - (b) What additional procedures, if any, should be addressed by the Department in this investigation?

NSTAR believes that the Working Group's recommendation to use a check-off box, similar to that used by fuel-assistance agencies, which would allow new DTA and DMA applicants to authorize the release of their client information directly to utility companies, will increase enrollment on the utility companies' discount rates, without creating significant up-front costs for the utility companies.³ As noted previously, the DTA's privacy regulations prohibit the agency from sharing client information directly with other parties. However, if a DTA or DMA client (and utility customer) provides authorization to inform his or her utility company of eligibility for low-income rates

³ As noted in NSTAR's Initial Comments, the Department must consider the potential rate impacts of various options to increase discount program penetration (NSTAR Initial Comments at 17, n.7). Such information will allow the Department to consider the appropriate balance between costs and benefits in the context of this proceeding and provide for an appropriate adjustment in rates for other customers.

when they apply for DTA or DMA assistance, customer enrollment on utility discount rates would be facilitated because the agencies could communicate directly with the utility companies regarding such customer's participation in a qualifying governmental program. Moreover, because the Company currently has procedures to communicate with the DTA and the DMA on behalf of customers that apply for the Company's discount rate through the Company, the check-off box option will likely not result in significant incremental costs. Accordingly, as compared to the third-party-administrator model discussed below, the check-off box option will more efficiently facilitate the sharing of information between the DTA, the DMA and the utility companies.⁴

B. Question 2

- (a) Evaluate the costs and benefits of moving to a model where a central entity gathers relevant information from Community Action Programs /grantees and government agencies (DTA, DMA, etc.) on eligible customers for the discount rate and shares this information with utilities.
- (b) In addition, the Department is considering the possibility of utilizing MassCARES, a technology based initiative of the Massachusetts Executive Office of Health and Human Services ["EOHHS"]. Please discuss whether MassCARES would be a feasible Central Information Storehouse for an automated matching program for the discount rate. Information on the MassCARES program is available at www.masscares.org

⁴ Question 1(a) asks for comments regarding whether, as an alternative to the check-off box option, "it would be more effective to require applicants to authorize the release of eligibility information as a condition of applying for public benefit programs." Neither the Company nor the Department has the authority to place conditions on a customer's application for public benefit programs. To the extent that the governmental agencies that administer such programs determine that such a policy should be implemented, they would likely require statutory authority to do so. Regardless, such a policy runs counter to notions of customer choice in the context of sharing personal information. The Department should follow a policy of providing customers with the choice of sharing their personal information, rather than promoting a policy that essentially forces them to do so. Regarding the Hearing Officer's question 1(b), NSTAR believes that the Department has thoroughly considered various options for increasing enrollment on utility company discount rates and offers no additional procedures for the Department's consideration in this proceeding.

The Low-Income Energy Affordability Network (“LEAN”), in conjunction with fuel-assistance providers, has proposed that information regarding eligible customers for utility discount rates be coordinated through the fuel-assistance and energy-efficiency network. LEAN proposes that a unified list be populated by “identified certifying organizations,” and maintained and managed by the aforementioned network of service provider agencies (Unified Discount Rate List Management System (Draft Proposal at 1)). However, for the reasons outlined below, NSTAR does not recommend investigating this so-called “third-party-administrator” model (in comparison to the check-off box option).

The third-party-administrator model proposed by LEAN is difficult to analyze because so few details have been offered regarding its costs, its technological requirements or its management. However, even when comparing the third-party-administrator model conceptually with the benefits offered by the check-off box option, it appears clear that the LEAN proposal would be far more costly to implement than the check-off box, with no incremental benefit over the check-off box option. Although it is unclear how such a model would be funded and operated, if utility companies would be required to pay for the start-up costs of creating a computer program that is compatible with each utility’s information systems and those of (at least two) governmental agencies, as well as the ongoing operational and maintenance costs of such a program, such a model is clearly far more expensive to implement than working with the DTA and DMA to add a check-off box to their respective applications for qualifying governmental programs.

Moreover, although the third-party-administrator model may allow utility companies to access one database to verify a customer's enrollment on a qualifying governmental program, the EOHHS MassCARES program information database may provide utility companies with access to DTA's and DMA's customer information⁵ without the costs of creating a separate database from scratch through a third-party administrator. NSTAR is interested in further discussions with the Department and EOHHS regarding its MassCARES program to determine if the program will allow utility companies to access EOHHS' client information through a secure, web-based system. However, even if the MassCARES program is not suited for this purpose, the check-off box option will allow for much greater access by the utility companies to DTA and DMA client information than is currently available, without significant start-up costs or the requirement to fund a third-party administrator on an ongoing basis. Accordingly, the creation of a unified database maintained and operated by a third-party administrator appears to be the least efficient means of verifying customers' eligibility for the utility company's discount rates.

IV. CONCLUSION

Accordingly, NSTAR recommends that the Department continue to work with DTA and DMA to include a check-off box on their respective applications for qualifying governmental programs. This effort will facilitate communication between utility companies and key governmental agencies and will likely result in increased enrollment on utility discount rates.

⁵ The DTA and DMA are agencies within the EOHHS.

The Company believes that, as compared to the check-off box options, the third-party-administrator model is far more costly and will provide few incremental benefits over a system that allows the companies and governmental agencies to share information directly, as would be possible under the check-off option. As an alternative to the third-party administrator model, NSTAR recommends that discussions between the utility companies, the Department and EOHHS should be pursued to determine if the MassCARES web-site may be used by utility companies to access EOHHS client information for purposes of verifying utility customer enrollment on qualifying governmental programs administered through EOHHS. However, even if the MassCARES program cannot meet these needs, the check-off box option will provide utility companies with greater access to DTA and DMA client information than is available currently, which will likely lead to increased enrollment on utility company discount rates, without requiring the utility companies to fund the creation and maintenance of a third-party administrator.

Respectfully submitted,

NSTAR

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